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EXAMINER

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**GROUP 3600**

**BEFORE THE BOARD OF PATENT APPEALS  
AND INTERFERENCES**

Application Number: 09/637,387  
Filing Date: August 11, 2000  
Appellant(s): HAUGEN ET AL.

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Richard Wydeven  
For Appellant

**EXAMINER'S ANSWER**

This is in response to the appeal brief filed 11/14/05 appealing from the Office action mailed 02/26/04.

**(1) Real Party in Interest**

A statement identifying by name the real party in interest is contained in the brief.

**(2) Related Appeals and Interferences**

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

**(3) Status of Claims**

The statement of the status of claims contained in the brief is correct.

**(4) Status of Amendments After Final**

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

**(5) Summary of Claimed Subject Matter**

The summary of claimed subject matter contained in the brief is correct.

**(6) Grounds of Rejection to be Reviewed on Appeal**

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

**(7) Claims Appendix**

The copy of the appealed claims contained in the Appendix to the brief is correct.

**(8) Evidence Relied Upon**

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No evidence is relied upon by the examiner in the rejection of the claims under appeal.

**(9) Grounds of Rejection**

The following ground(s) of rejection are applicable to the appealed claims:

Claims 3-15 are rejected under 35 U.S.C. 102(b) as being anticipated by Biorge et al. (hereinafter Biorge), US Patent 5, 806, 045A.

As per claims 3, 10 and 13, Biorge teaches a system for providing incentive credits to a user or customer participating in or more promotion programs via a handheld or portable device 74 for every qualifying transaction conducted at a participating retailer or provider having a provider device 76 wherein the value of the incentive credits is contingent upon the value of a current transaction and wherein the customer's incentive credits are stored on the memory of the portable or handheld device 74 where they can be retrieved during a redemption process. At any given time subsequent to storing the incentive credits on the customer's handheld device, the customer can take the said device 74 to the same retailer or another participating retailer or provider to redeem at least a portion of the incentive credits during a second transaction or a redemption process wherein the stored incentive credits are transmitted from the customer's handheld device 74 to the retailer's POS system or base device 72 (during a synchronization process). In addition, during the redemption process or second transaction (synchronization process), the retailer's POS system or base device 72 transfers newly earned incentive credits to the customer's handheld device 74 permanent memory, based on the value of the second transaction and some other criteria, where they are being added to the existing credit balance (See abstract; col. 2: 18 to col. 3: 21; col. 6: 49 to col. 7: 64; figs. 1-3).

At the conclusion of the redemption process or a transaction, the incentive credit total is updated by adding newly earned incentive credits to the existing remaining total following a redemption process. Thereafter, information regarding the transaction that just takes place is stored in the memory of the customer's device 74, in the memory of the provider's 76 and in the memory 102 (local award history database) of the retailer's POS system or base device 72. In the customer's device 74 memory, information such as the transaction amount, the incentive credits earned, the amount of redeemed incentive credits, if any, the name of the provider 76, the product or service purchased is recorded to maintain a journal of all transactions made using this device. Similar information is stored in the memory of the provider 76. In the memory 102 (local award history database) of the base device 72 of fig. 3 or POS system, complete information regarding the transaction, including the identification of the customer and the provider, the transaction amount, the incentive credits earned and redeemed, the good or service purchased and the customer's demographics are recorded thereon (this scenario repeats itself for each single transaction whether it involves a redemption or not). Since the whole process is being conducted off-line, without involving any common authority, the retailer's POS system or the base device 72 will transmit the data stored in its database 102 (local award history database) to a central repository or data warehouse or record-keeping facility (global award history database) where the data are utilized for coordinating allocation and redemption of incentive credits among the various providers involved and to further target customers of devices 74, to prevent unauthorized use of the devices 74 and/or to authorize a higher incentive credit allocation and/or redemption level (higher level of authentication) during a transaction or redemption process whereas the POS system or base device 72, providing or handling a low level authentication transaction,

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cannot process an incentive allocation or redemption process that exceeds a certain preset threshold value (col. 6: 32 to col. 7: 64; col. 8: 66 to col. 9: 35).

Additionally, in another embodiment, Biorge discloses a process of authenticating or validating a customer's device 74 and the customer himself during a verification process that takes place at the POS system without the input from a common authority, based in part on data stored in base device memory 102 (low level authentication). This routine verification occurs during a transaction with or without a redemption process. The verification is a twofold process. First of all, the customer's device 74 is checked to determine if it is a proper device for use in the incentive program by having the device 74 exchanged encrypted signals with the base device. Second of all, the customer's verification is performed by having him enter a preset user code and comparing the entered user code to a reference user code stored in the memory of the device 74. Only if both the device 74 and the customer are valid will a transaction with or without a redemption process be allowed. In fact, to redeem incentive credits or to earn incentive credits during a transaction at a participating provider, the customer or the bearer of the device 74 must go through the routine verification as disclosed above (low level verification or low level authentication). Following this routine authentication or level authentication process, the customer of the validated device 74 is allowed by the device 72 to redeem at least a portion of previously earned incentive credits, provided that this portion does not exceed a preset threshold, during a current transaction at a participating provider in accordance with predefined rules or criteria maintained in device 72 database or memory (col. 4: 62 to col. 5: 33; col. 10: 65 to col. 11: 20; col. 7: 4-64; col. 12: 38 to col. 13: 3).

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Moreover, in response to a request from the device 72 to specify how many incentive credits the customer wishes to redeem, the customer enters via keyboard 110 the number of previously earned incentives he wishes to use or redeem and the specified number is sent to base device 72 (POS system) processor 110, which determines based on information in memory of the base device 72 (award history database) if this number exceeds authorized limits. In the affirmative, base processor 100 of the base device 72 enters into an online interaction or communication with a remote common authority to obtain further authorization to redeem the exceeded value (high level of authentication required here because the customer's request has exceeded a preset value as determined by base device 72 processor 100 using data stored in its database). Nevertheless, if the specified number is within a predefined range, then the base processor 100 proceeds with the redemption process based on some criteria since the routine validation performed at the beginning of the transaction is sufficient for this kind of transaction (only a low level authentication is required here). During a typical transaction at a provider, processor 100 checks database 102 for more incentive codes for the current transaction and processes them along with other parameters to compute the amount of incentive credits that the customer earns during the transaction. If this value or amount falls within a predetermined range, as determined by processor 100, this amount is added to the memory of the customer's device 74 since the routine verification (low level authentication) performed at the beginning is required for this transaction. However, if the amount exceeds a preset limit, then base processor requires further authorization or authentication and enters into an online interaction with a common remote authority to obtain such authorization (high level authentication is needed because of the

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amount of incentive credits earned during the transaction) (Figs. 4b-4c; col. 13: 4 to col. 14: 22; col. 15: 15 to col. 16: 7).

Finally, even if during a regular transaction in which the routine validation process (low level authentication) is sufficient to conduct the transaction involving incentive credits allocation and/or redemption, the base processor 100 of the base device 72 may request further authorization (high level authentication) from a remote common authority on how to proceed when a customer's transaction seems to depart from the customer's transaction pattern, thereby preventing unauthorized users from using devices 74, which may have been lost (Col. 11: 21 to col. 12: 10).

See figs. 1-9.

As per claims 4-7 and 11-12, Biorge teaches a system for providing incentive credits to a user or customer participating in or more promotion programs via a handheld or portable device 74 for every qualifying transaction conducted at a participating retailer or provider having a provider device 76 wherein the value of the incentive credits is contingent upon the value of a current transaction and wherein the customer's incentive credits are stored on the memory of the portable or handheld device 74 where they can be retrieved during a redemption process. At any given time subsequent to storing the incentive credits on the customer's handheld device, the customer can take the said device 74 to the same retailer or another participating retailer or provider to redeem at least a portion of the incentive credits during a second transaction or a redemption process wherein the stored incentive credits are transmitted from the customer's handheld device 74 to the retailer's POS system or base device 72 (during a synchronization



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process). In addition, during the redemption process or second transaction (synchronization process), the retailer's POS system or base device 72 transfers newly earned incentive credits to the customer's handheld device 74 permanent memory, based on the value of the second transaction and some other criteria, where they are being added to the existing credit balance (See abstract; col. 2: 18 to col. 3: 21; col. 6: 49 to col. 7: 64; figs. 1-3).

At the conclusion of the redemption process or a transaction, the incentive credit total is updated by adding newly earned incentive credits to the existing remaining total following a redemption process. Thereafter, information regarding the transaction that just takes place is stored in the memory of the customer's device 74, in the memory of the provider's 76 and in the memory 102 (local award history database) of the retailer's POS system or base device 72. In the customer's device 74 memory, information such as the transaction amount, the incentive credits earned, the amount of redeemed incentive credits, if any, the name of the provider 76, the product or service purchased is recorded to maintain a journal of all transactions made using this device. Similar information is stored in the memory of the provider 76. In the memory 102 (local award history database) of the base device 72 of fig. 3 or POS system, complete information regarding the transaction, including the identification of the customer and the provider, the transaction amount, the incentive credits earned and redeemed, the good or service purchased and the customer's demographics are recorded thereon (this scenario repeats itself for each single transaction whether it involves a redemption or not). Since the whole process is being conducted off-line, without involving any common authority, the retailer's POS system or the base device 72 will transmit the data stored in its database 102 (local award history database) to a central repository or data warehouse or record-keeping facility (global award history database) where

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the data are utilized for coordinating allocation and redemption of incentive credits among the various providers involved and to further target customers of devices 74, to prevent unauthorized use of the devices 74 and/or to authorize a higher incentive credit allocation and/or redemption level (higher level of authentication) during a transaction or redemption process whereas the POS system or base device 72, providing or handling a low level authentication transaction, cannot process an incentive allocation or redemption process that exceeds a certain preset threshold value (col. 6: 32 to col. 7: 64; col. 8: 66 to col. 9: 35).

Additionally, in another embodiment, Biorge discloses a process of authenticating or validating a customer's device 74 and the customer himself during a verification process that takes place at the POS system without the input from a common authority, based in part on data stored in base device memory 102 (low level authentication). This routine verification occurs during a transaction with or without a redemption process. The verification is a twofold process. First of all, the customer's device 74 is checked to determine if it is a proper device for use in the incentive program by having the device 74 exchanged encrypted signals with the base device. Second of all, the customer's verification is performed by having him enter a preset user code and comparing the entered user code to a reference user code stored in the memory of the device 74. Only if both the device 74 and the customer are valid will a transaction with or without a redemption process be allowed. In fact, to redeem incentive credits or to earn incentive credits during a transaction at a participating provider, the customer or the bearer of the device 74 must go through the routine verification as disclosed above (low level verification or low level authentication). Following this routine authentication or level authentication process, the customer of the validated device 74 is allowed by the device 72 to redeem at least a portion of

previously earned incentive credits, provided that this portion does not exceed a preset threshold, during a current transaction at a participating provider in accordance with predefined rules or criteria maintained in device 72 database or memory (col. 4: 62 to col. 5: 33; col. 10: 65 to col. 11: 20; col. 7: 4-64; col. 12: 38 to col. 13: 3).

Moreover, in response to a request from the device 72 to specify how many incentive credits the customer wishes to redeem, the customer enters via keyboard 110 the number of previously earned incentives he wishes to use or redeem and the specified number is sent to base device 72 (POS system) processor 110, which determines based on information in memory of the base device 72 (award history database) if this number exceeds authorized limits. In the affirmative, base processor 100 of the base device 72 enters into an online interaction or communication with a remote common authority to obtain further authorization to redeem the exceeded value (high level of authentication required here because the customer's request has exceeded a preset value as determined by base device 72 processor 100 using data stored in its database). Nevertheless, if the specified number is within a predefined range, then the base processor 100 proceeds with the redemption process based on some criteria since the routine validation performed at the beginning of the transaction is sufficient for this kind of transaction (only a low level authentication is required here). During a typical transaction at a provider, processor 100 checks database 102 for more incentive codes for the current transaction and processes them along with other parameters to compute the amount of incentive credits that the customer earns during the transaction. If this value or amount falls within a predetermined range, as determined by processor 100, this amount is added to the memory of the customer's device 74 since the routine verification (low level authentication) performed at the beginning is required

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for this transaction. However, if the amount exceeds a preset limit, then base processor requires further authorization or authentication and enters into an online interaction with a common remote authority to obtain such authorization (high level authentication is needed because of the amount of incentive credits earned during the transaction) (Figs. 4b-4c; col. 13: 4 to col. 14: 22; col. 15: 15 to col. 16: 7).

Finally, even if during a regular transaction in which the routine validation process (low level authentication) is sufficient to conduct the transaction involving incentive credits allocation and/or redemption, the base processor 100 of the base device 72 may request further authorization (high level authentication) from a remote common authority on how to proceed when a customer's transaction seems to depart from the customer's transaction pattern, thereby preventing unauthorized users from using devices 74, which may have been lost (Col. 11: 21 to col. 12: 10).

See figs. 1-9.

As per claims 8-9 and 14-15, Biorge discloses a system wherein, at the conclusion of a redemption process or a transaction, the incentive credit total is updated by adding newly earned incentive credits to the existing remaining total following a redemption process. Thereafter, information regarding the transaction that just takes place is stored in the memory of the customer's device 74, in the memory of the provider's 76 and in the memory 102 (local award history database) of the retailer's POS system or base device 72. In the customer's device 74 memory, information such as the transaction amount, the incentive credits earned, the amount of redeemed incentive credits, if any, the name of the provider 76, the product or service purchased

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is recorded to maintain a journal of all transactions made using this device. Similar information is stored in the memory of the provider 76. In the memory 102 (local award history database) of the base device 72 of fig. 3 or POS system, complete information regarding the transaction, including the identification of the customer and the provider, the transaction amount, the incentive credits earned and redeemed, the good or service purchased and the customer's demographics are recorded thereon (this scenario repeats itself for each single transaction whether it involves a redemption or not). Since the whole process is being conducted off-line, without involving any common authority, the retailer's POS system or the base device 72 will transmit the data stored in its database 102 (local award history database) to a central repository or data warehouse or record-keeping facility (global award history database) where the data are utilized for coordinating allocation and redemption of incentive credits among the various providers involved and to further target customers of devices 74, to prevent unauthorized use of the devices 74 and/or to authorize a higher incentive credit allocation and/or redemption level (higher level of authentication) during a transaction or redemption process whereas the POS system or base device 72, providing or handling a low level authentication transaction, cannot process an incentive allocation or redemption process that exceeds a certain preset threshold value (col. 6: 32 to col. 7: 64; col. 8: 66 to col. 9: 35).

Additionally, in another embodiment, Biorge discloses a process of authenticating or validating a customer's device 74 and the customer himself during a verification process that takes place at the POS system without the input from a common authority, based in part on data stored in base device memory 102 (low level authentication). This routine verification occurs during a transaction with or without a redemption process. The verification is a twofold process.

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First of all, the customer's device 74 is checked to determine if it is a proper device for use in the incentive program by having the device 74 exchanged encrypted signals with the base device.

Second of all, the customer's verification is performed by having him enter a preset user code and comparing the entered user code to a reference user code stored in the memory of the device

74. Only if both the device 74 and the customer are valid will a transaction with or without a redemption process be allowed. In fact, to redeem incentive credits or to earn incentive credits

during a transaction at a participating provider, the customer or the bearer of the device 74 must go through the routine verification as disclosed above (low level verification or low level

authentication). Following this routine authentication or level authentication process, the

customer of the validated device 74 is allowed by the device 72 to redeem at least a portion of

previously earned incentive credits, provided that this portion does not exceed a preset threshold,

during a current transaction at a participating provider in accordance with predefined rules or

criteria maintained in device 72 database or memory (col. 4: 62 to col. 5: 33; col. 10: 65 to col.

11: 20; col. 7: 4-64; col. 12: 38 to col. 13: 3).

Moreover, in response to a request from the device 72 to specify how many incentive credits the customer wishes to redeem, the customer enters via keyboard 110 the number of previously earned incentives he wishes to use or redeem and the specified number is sent to base device 72 (POS system) processor 110, which determines based on information in memory of the base device 72 (award history database) if this number exceeds authorized limits. In the affirmative, base processor 100 of the base device 72 enters into an online interaction or communication with a remote common authority to obtain further authorization to redeem the exceeded value (high level of authentication required here because the customer's request has

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exceeded a preset value as determined by base device 72 processor 100 using data stored in its database). Nevertheless, if the specified number is within a predefined range, then the base processor 100 proceeds with the redemption process based on some criteria since the routine validation performed at the beginning of the transaction is sufficient for this kind of transaction (only a low level authentication is required here). During a typical transaction at a provider, processor 100 checks database 102 for more incentive codes for the current transaction and processes them along with other parameters to compute the amount of incentive credits that the customer earns during the transaction. If this value or amount falls within a predetermined range, as determined by processor 100, this amount is added to the memory of the customer's device 74 since the routine verification (low level authentication) performed at the beginning is required for this transaction. However, if the amount exceeds a preset limit, then base processor requires further authorization or authentication and enters into an online interaction with a common remote authority to obtain such authorization (high level authentication is needed because of the amount of incentive credits earned during the transaction) (Figs. 4b-4c; col. 13: 4 to col. 14: 22; col. 15: 15 to col. 16: 7).

Finally, even if during a regular transaction in which the routine validation process (low level authentication) is sufficient to conduct the transaction involving incentive credits allocation and/or redemption, the base processor 100 of the base device 72 may request further authorization (high level authentication) from a remote common authority on how to proceed when a customer's transaction seems to depart from the customer's transaction pattern, thereby preventing unauthorized users from using devices 74, which may have been lost (Col. 11: 21 to col. 12: 10).

See figs. 1-9.

#### **(10) Response to Arguments**

**First of all, Appellant argues that Biorge does not disclose anywhere “maintaining the awards transaction information in a transaction history database of a promotion server”. However, the Examiner completely and respectfully disagrees with the Appellant’s findings because of the following reasons-**

In general, Biorge teaches a system for providing incentive credits to a user or customer participating in or more promotion programs via a handheld or portable device 74 for every qualifying transaction conducted at a participating retailer or provider having a provider device 76 wherein the value of the incentive credits is contingent upon the value of a current transaction and wherein the customer’s incentive credits are stored on the memory of the portable or handheld device 74 where they can be retrieved during a redemption process. At any given time subsequent to storing the incentive credits on the customer’s handheld device, the customer can take the said device 74 to the same retailer or another participating retailer or provider to redeem at least a portion of the incentive credits during a second transaction or a redemption process wherein the stored incentive credits are transmitted from the customer’s handheld device 74 to the retailer’s POS system or base device 72 (during a synchronization process). In addition, during the redemption process or second transaction (synchronization process), the retailer’s POS system or base device 72 transfers newly earned incentive credits to the customer’s handheld device 74 permanent memory, based on the value of the second transaction and some



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other criteria, where they are being added to the existing credit balance (See abstract; col. 2: 18 to col. 3: 21; col. 6: 49 to col. 7: 64; figs. 1-3).

At the conclusion of the redemption process or a transaction, the incentive credit total is updated by adding newly earned incentive credits to the existing remaining total following a redemption process. Thereafter, transaction information, including award information, regarding the transaction that just takes place is stored in the memory of the customer's device 74, in the memory of the provider's 76 and in the memory 102 (local award history database) of the retailer's POS system (server) or base device 72 (maintaining transaction information including award information in a local transaction history database or memory 102 coupled to the POS system or server). In the customer's device 74 memory, information such as the transaction amount, the incentive credits earned, the amount of redeemed incentive credits, if any, the name of the provider 76, the product or service purchased is recorded to maintain a journal of all transactions made using this device. Similar information is stored in the memory of the provider 76 (storing transaction information including award information in a database connected to provider 76 system). In the memory 102 (local award history database) of the base device 72 of fig. 3 or POS system, complete information regarding the transaction, including the identification of the customer and the provider, the transaction amount, the incentive credits earned and redeemed, the good or service purchased and the customer's demographics are recorded thereon (this scenario repeats itself for each single transaction whether it involves a redemption or not). Since the whole process is being conducted off-line, without involving any common authority, the retailer's POS system or the base device 72 will transmit the

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**data (including incentive or award information) stored in its database 102 (local award history database) to a central repository or data warehouse or record-keeping facility (step 30 of fig. 1) (having global award history database) where the data are utilized for coordinating allocation and redemption of incentive credits among the various providers involved and to further target customers of devices 74, to prevent unauthorized use of the devices 74 and/or to authorize a higher incentive credit allocation and/or redemption level (higher level of authentication) during a transaction or redemption process whereas the POS system or base device 72, providing or handling a low level authentication transaction, cannot process an incentive allocation or redemption process that exceeds a certain preset threshold value (figs. 1, 4c-4d; col. 15: 3-27; col. 6: 32 to col. 7: 64; col. 8: 66 to col. 9: 35).**

In short, as described above, Biorge does teach, contrary to the Appellant's conclusion, maintaining transaction information, including incentive or award information, in a local (history) database or memory 102 coupled to the POS system (server or device 72), in a record-keeping facility database (global history database) connected to a computer (central computer or server), in the provider 76 device memory (database) and in memory 88 of the user's portable device 74 (figs. 1 and 4c-4d; col. 15: 3-27). Once again, base processor 100 of base device 72 (local POS system or server) sends from its database or memory 102, following a transaction involving the user's portable device 74, transaction data including incentive or award information to user's device 74 memory 88, to device 76 memory 98 via a device interface to a record-keeping facility database via a communication network and to a device 116 memory 124 over a bus so as to enable each device to maintain in its non-volatile memory or storage means or database a journal of transaction data including incentive or award information. Overtime, base

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device 72 transfers from its storage means or memory or (award history) database 102 of fig. 3 (local history database) a batch file containing all transaction data including incentive or award information to a record-keeping facility (global history database) over a communication. See figs. 1, 3, 4c and 4d; col. 15: 3-27.

Second of all, Appellant argues that Biorge discloses a verification process, but does not disclose **authentication levels** for redeeming at least a portion of earned awards, wherein the authentication level is determined from award transaction information stored in a transaction history database (see page 10 of the Brief). However, the claims or at least argued claim 3 only recite an authentication level rather than **authentication levels** as argued here. Furthermore, broadly interpreted, “authentication level” implies a verification or validation process used during the redemption of at least a portion of the stored incentives or awards (credits). As admitted by the Appellant, Biorge does disclose a verification process used to validate a redemption of at least a portion of the stored credits or awards.

In general, in another embodiment, Biorge discloses a process of authenticating or validating, during a transaction or a redemption of a portion of the stored credits, a customer’s device 74 and the customer himself during a verification process that takes place at the POS system (device 72) without the input from a common authority, based in part on data stored in base device memory (local history) 102 (low level authentication). This routine verification occurs during a transaction with or without a redemption process. The verification is a twofold process. First, the customer’s device 74 is checked to determine if it is a proper device for use in the incentive program by having the device 74 exchanged encrypted signals with the base device.

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Second, the customer's verification is performed by having him enter a preset user code and comparing the entered user code to a reference user code stored in the memory of the device 74. Only if both the device 74 and the customer are valid will a transaction with or without a redemption process be allowed. In fact, to redeem incentive credits or to earn incentive credits during a transaction at a participating provider, the customer or the bearer of the device 74 must go through the routine verification as disclosed above (low level verification or low level authentication). Following this routine authentication or level authentication process, the customer of the validated **device 74 is allowed by the device 72 to redeem at least a portion of previously earned incentive credits, provided that this portion does not exceed a preset threshold**, during a current transaction at a participating provider in accordance with predefined rules or criteria maintained in device 72 database or memory 102 (**a first level or low level authentication is performed during a transaction or a redemption of at least a portion of the stored credits**) (col. 4: 62 to col. 5: 33; col. 10: 65 to col. 11: 20; col. 7: 4-64; col. 12: 38 to col. 13: 3).

Moreover, in response to a request from the device 72 to specify how many incentive credits the customer of the portable device 74 wishes to redeem, the customer enters via keyboard 110 the number of previously earned incentives he wishes to use or redeem and the specified number is sent to base device 72 (POS system) processor 110, which determines based on information in memory 102 (award history database) of the base device 72 **if this number exceeds authorized limits**. In the affirmative, base processor 100 of the base device 72 enters into an online interaction or communication with a remote common authority **to obtain further authorization to redeem the exceeded value (high level of authentication required here**

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because the customer's request has exceeded a preset value as determined by base device 72 processor 100 using data stored in its database 102). Nevertheless, if the specified number is within a predefined range, then the base processor 100 proceeds with the redemption process based on some criteria since the routine validation performed at the beginning of the transaction is sufficient for this kind of transaction (only a low level authentication is required here). During a typical transaction at a provider, processor 100 checks database 102 for more incentive codes for the current transaction and processes them along with other parameters to compute the amount of incentive credits that the customer earns during the transaction. If this value or amount falls within a predetermined range, as determined by processor 100, this amount is added to the memory of the customer's device 74 since the routine verification (low level authentication) performed at the beginning is required for this transaction. However, if the amount exceeds a preset limit, then base processor requires further authorization or authentication and enters into an online interaction with a common remote authority to obtain such authorization (high level authentication is needed because of the amount of incentive credits earned during the transaction) (Figs. 4b-4c; col. 13: 4 to col. 14: 22; col. 15: 15 to col. 16: 7).

Additionally, even if during a regular transaction in which the routine validation process (low level authentication) is sufficient to conduct the transaction involving incentive credits allocation and/or redemption, the base processor 100 of the base device 72 may request further authorization (high level authentication) from a remote common authority on how to proceed when a customer's transaction seems to depart from the customer's transaction pattern, thereby

preventing unauthorized users from using devices 74, which may have been lost (Col. 11: 21 to col. 12: 10; figs 1-9).

In summary, as discussed above, Biorge does disclose using a low level authentication process to redeem by the customer of the device 74 at least a portion of the stored incentive credits and a high level authentication process when the amount of incentive credits that the customer of the device 74 wishes to redeem exceeds a preset limit.

Moreover, contrary to the Appellant's conclusion, the detailed Office Action has addressed all the limitations of the claimed invention and the teachings of the prior art are herein being interpreted with the level of skills of an ordinary artisan. For instance, and in reply to the Appellant's remarks featured on page 11 of the Brief, it is understood that device 72, having memory or database 102, is linked to device 116, customer's portable 74, provider device 76 over a bus, a LAN, a WAN and so on, as understood by those skilled in the art. Furthermore, device 72 is connected to the record-keeping facility and to the online common authority via a communication network or link (such as a WAN or the Internet). The above disclosures are implicitly supported by the prior art (fig. 3; col. 15: 3 to col. 16: 7).

**Finally, the issues before the Board is whether or not Biorge teaches “maintaining award information in an award history database” and “determining an authentication level required to redeem at least a portion of the awards”. Here, the foregoing response has fully addressed those issues.**

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Therefore, the Appellant's request for allowance or withdrawal of the last Office Action has been fully considered and respectfully denied in view of the foregoing response since the Appellant's arguments as herein presented are not persuasive and the rejections should be sustained or maintained.

**(11) Related Proceeding(s) Appendix**

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

JDJ

Conferees:

Eric Stamber (SPE)

Raquel Alvarez (XP)

**JEAN D. JANVIER**  
**PRIMARY EXAMINER**